



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

December 31, 2003

# **Community Reinvestment Act Performance Evaluation**

**The Peoples National Bank of McLeansboro  
Charter Number: 9408**

**108 South Washington  
McLeansboro, Illinois 62859**

**Office of the Comptroller of the Currency**

**St. Louis Field Office  
2350 Market Street, Room 100  
St. Louis, Missouri 63103**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated “**Satisfactory**”.

The following table indicates the performance level of **The Peoples National Bank of McLeansboro** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The Peoples National Bank of McLeansboro Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels are good.
- The geographic distribution of loans among geographies is adequate.
- The distribution of loans among borrowers of different income levels is good. This demonstrates a good responsiveness to addressing identified credit needs.
- Flexible lending practices have a positive impact on the Lending Test.
- Community development lending has a positive impact on the Lending Test.
- Investment activity reflects a good responsiveness to identified community needs.
- The accessibility of the bank’s delivery systems to the geographies and individuals of different income levels is good. The bank’s performance in providing community development services is good.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The Peoples National Bank of McLeansboro (PNB) is a community bank headquartered in McLeansboro, Illinois. It is an intrastate bank with nine branch offices located in the State of Illinois. PNB is a wholly owned subsidiary of Market Street Bancshares, Inc. (MSB) headquartered in Mount Vernon, Illinois, with total assets of approximately \$500 million. MSB is a one-bank holding company. As of September 30, 2003, PNB reported total assets of \$431 million. The number of branches detailed above does not correspond to the number of branches detailed in Appendix D because we didn't evaluate the performance in St. Clair County, Illinois as detailed on page 6.

Merger activity has occurred since the previous CRA Public Evaluation dated November 17, 1998, when PNB was rated "Satisfactory". In May 1999, PNB acquired a full service branch and a drive-up facility from Mercantile Bank. The full service branch is located in Hamilton County. The drive-up facility was located in Jefferson County, but was subsequently closed.

PNB is a full service lender offering various loan and deposit products. PNB offers home mortgage loans, consumer loans, and a full range of business and agricultural loans. As of September 30, 2003, net loans represented 72 percent of total assets and consisted of commercial and commercial real estate loans (41 percent), agricultural and agricultural real estate loans (28 percent), residential real estate loans (24 percent), other loans (5 percent), and consumer loans (2 percent).

There are no legal, financial, or other factors impeding PNB's ability to help meet the credit needs of the communities it serves. As of September 30, 2003, PNB reported Tier One 1 capital of \$32 million.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period is from November 18, 1998 through December 31, 2003. However, PNB didn't become subject to the large bank CRA performance standards until January 1, 2000. Prior to this date, they were subject to the small bank CRA performance standards and weren't required to collect small loans to businesses and farms loan data. PNB isn't presently required to collect home mortgage loan data because it didn't have a branch office in a metropolitan statistical area (MSA) until it opened an office in Swansea, Illinois in August 2003. Swansea, Illinois is located in St. Clair County, within the St. Louis, Missouri - Illinois MSA. However, PNB has voluntarily maintained home purchase and home mortgage refinance loan data for 2001 and 2002. PNB didn't collect home improvement and multifamily loan data during this time period. Consequently, Table 3 – Geographic Distribution of Home Improvement Loans, Table 5 - Geographic Distribution of Multifamily Loans, and Table 9 – Borrower Distribution of Home Improvement Loans, located in Appendix C, were excluded from this report. Additionally, Table 1 – Other Products and Table 13 – Geographic and Borrower Distribution of Consumer Loans were also excluded from this report, as PNB didn't offer any consumer loans or other loan products for analysis purposes. Our analysis didn't consider loan data for 2003 because PNB wasn't required to have the data available until

March 1, 2004. PNB wasn't subject to the Investment and Service Test prior to January 1, 2000. Our analysis mainly focused on home mortgage loan data from January 1, 2001 through December 31, 2002, small loans to businesses and farms from January 1, 2000 through December 31, 2002, and community development (CD) loans, the Investment Test, and Services Test from January 1, 2000 through December 31, 2003. However, we did consider qualified investments, CD services, and CD loans for the entire evaluation period.

## **Data Integrity**

We tested PNB's home mortgage loans (2001 and 2002 loan data) and publicly filed information for small loans to businesses and farms (2000, 2001, and 2002 loan data) for accuracy as part of this CRA evaluation. The loan data was accurate.

We also reviewed reported CD loans, qualified investments, and CD services that were submitted by PNB to verify they met the regulatory definition of CD. Some of the CD activities submitted by PNB did not meet the definition of CD. We excluded these activities from our review.

## **Selection of Areas for Full-Scope Review**

PNB has two assessments areas (AAs) consisting of Hamilton, Jefferson, Marion, Saline, and Wayne Counties and St. Clair County, which is part of the St. Louis, Missouri – Illinois MSA. Refer to Appendix A for additional information. We chose Hamilton, Jefferson, Marion, Saline, and Wayne Counties for a full-scope review. We did not consider PNB's performance in St. Clair County when evaluating the bank's CRA performance. This is because at least six months of data wasn't available to perform a meaningful analysis.

## **Ratings**

PNB's overall rating is based on the performance of the above full-scope assessment area.

## **Other**

We contacted community representatives to assist in developing a market profile for the full-scope AA. We contacted representatives from three housing agencies, a small business development center, and an area development planning commission. We determined the opportunities to make CD loans, qualified investments, and to provide CD services do exist within the full-scope AA. However, our research revealed the opportunities to make qualified investments other than donations and grants are somewhat limited. Refer to the Market Profile in Appendix B for detailed information on AA needs.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory". Based on the full-scope review the bank's performance in Hamilton, Jefferson, Marion, Saline, and Wayne Counties is good.

#### Lending Activity

Refer to Table 1 – Lending Volume for the facts and data used to evaluate the bank's lending activity.

PNB's lending activity in the AA is good. HMDA market share data isn't available because PNB is not required to collect or report this data.

In the AA, 19 percent, 46 percent, and 35 percent of the loans originated/purchased were home mortgage loans, small loans to businesses, and small loans to farms, respectively. CD loans represented less than 1 percent of total loans.

Among home mortgage loans in the AA, 32 percent and 68 percent were home purchase and home mortgage refinance loans, respectively. As previously mentioned, PNB didn't collect home improvement and multifamily loan data.

In the AA, PNB's lending activity is good given its deposit market share. PNB ranks 1st in terms of depository institutions with a 17.8 percent market share. According to 2002 aggregate CRA loan data, PNB was the largest originator/purchaser, in terms of number and dollar amount, of small loans to farms with a 45.6 percent market share (number of loans). PNB was the third largest and first largest originator/purchaser of small loans to businesses in terms of number of loans and dollar amount of loans, respectively. PNB's market share was 13.7 percent and 24.4 percent, respectively.

#### Distribution of Loans by Income Level of the Geography

The geographic distribution of PNB's home mortgage loans and small loans to businesses and farms in the AA is adequate. In evaluating the geographic distribution of loans in the one low-income geography (BNA 0510.00 in Jefferson County), we considered PNB doesn't have any branches in this geography and the existence of four full service banks located in this geography. This impacted PNB's ability to meet the credit needs of individuals and business owners in this geography. See the Market Profile section of this report in Appendix B for additional information.

In the AA, we place more weight on the distribution of small loans to businesses, then small loans to farms, and then home mortgage refinance loans because they represent the largest percentage of loans originated/purchased in the AA. As previously mentioned, HMDA market share data was not available because PNB is not required to collect and report this data.

## **Home Mortgage Loans**

Refer to Tables 2 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

### Home Purchase Loans

In the AA, the geographic distribution of home purchase loans is adequate. The portion of home purchase loans in moderate-income geographies is lower than the portion of owner-occupied housing units that are within those geographies. PNB didn't originate any home purchase loans in the one low-income geography. However, this isn't a concern given only 1 percent of owner-occupied housing units are within this geography, the percentage difference is represented by only two loans, and the reasons detailed on page 7 with regard to competition from other banks.

### Home Mortgage Refinance Loans

In the AA, the geographic distribution of home mortgage refinance loans is poor. The portion of home mortgage refinance loans in moderate-income geographies is significantly lower than the portion of owner-occupied housing units that are within those geographies. PNB didn't originate any home mortgage refinance loans in the one low-income geography. However, this isn't a concern given only one percent of owner-occupied housing units are within this geography and the reasons detailed on page 7.

## **Small Loans to Businesses**

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

In the AA, the geographic distribution of small loans to businesses is adequate. The portion of small loans to businesses in the one low-income geography is significantly lower than the portion of businesses that are within the one geography. PNB's market share of loans in the one low-income geography is significantly lower than its overall market share. However, this isn't a concern given the reasons detailed on page 7. The portion of small loans to businesses in moderate-income geographies is lower than the portion of businesses that are within those geographies. PNB's market share of loans in moderate-income geographies is lower than its overall market share.

## **Small Loans to Farms**

Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

In the AA, the geographic distribution of small loans to farms is adequate. The portion of small loans to farms in low- and moderate-income geographies is significantly lower than the portion of farms that are within those geographies. PNB's low level of lending in the one low-income geography isn't a concern given the reason detailed on page 7 and the fact this geography primarily consists of housing units and retail and light manufacturing businesses. Consequently, the opportunity to make small loans to farms in this geography is minimal.

PNB's low level of lending in moderate-income geographies isn't a concern since many of the farms are located in geographies where PNB doesn't have branch offices and there are other financial institutions that do have offices in these geographies. See the Market Profile section of this report in Appendix B for additional information. PNB's market share of loans in low- and moderate-income geographies is lower than its overall market share.

## **Lending Gap Analysis**

We reviewed lending activity and didn't identify any unexplained conspicuous gaps.

## **Inside/Outside Ratio**

A majority (86 percent) of home mortgage loans originated/purchased by PNB during the evaluation period was within the bank's AA. PNB originated/purchased 86 percent and 87 percent of home purchase and home mortgage refinance loans respectively, within its AA. PNB originated/purchased 77 percent and 85 percent of small loans to businesses and farms, respectively, within its AA. All CD loans were originated within its AA. We gave positive consideration to this record of lending within the AA when drawing conclusions relative to the overall geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

The borrower distribution of PNB's home mortgage loans and small loans to businesses and farms reflects good performance in the AA. As previously mentioned, PNB didn't collect home improvement and multifamily loan data.

In the AA, we placed more weight on the distribution of small loans to businesses, then small loans to farms, and then home mortgage refinance loans because they represent the largest percentage of loans originated/purchased in the AA.

## **Home Mortgage Loans**

Refer to Tables 8 and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations/purchases.

In evaluating the borrower distribution of home mortgage loans, we considered the percentage of families that live below the poverty level and the barriers this might have on home ownership.

## **Home Purchase Loans**

In the AA, PNB has done a good job of addressing the low- and moderate-income borrower credit needs for home purchase loans, an identified credit need. When assessing PNB's performance, we took into consideration the percentage of families that live below the poverty level. The percentage of families that live below the poverty level range from 11.5 percent in Wayne County to 17.8 percent in Hamilton County. Furthermore, 54 percent of all low-income families live below the poverty level. The portion of home purchase loans to low-income borrowers is significantly lower than the portion of AA families who are low-income. The

portion of home purchase loans to moderate-income borrowers significantly exceeds the portion of AA families who are moderate-income.

### Home Mortgage Refinance Loans

In the AA, PNB has done an adequate job of addressing the low- and moderate-income borrower credit needs for home mortgage refinance loans. When assessing the bank's performance, we took into consideration the percentage of families that live below the poverty level, as previously discussed. The portion of home mortgage refinance loans to low-income borrowers is significantly lower than the portion of AA families who are low-income. The portion of home mortgage refinance loans to moderate-income borrowers is lower than the portion of AA families who are moderate-income.

### **Small Loans to Businesses**

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

In the AA, the borrower distribution of small loans to businesses is excellent. The portion of PNB's loans extended to businesses with revenues of \$1 million or less significantly exceeds the portion of area businesses that have revenues of \$1 million or less. Furthermore, PNB's market share of loans to businesses with revenues of \$1 million or less significantly exceeds its overall market share to businesses in the AA.

### **Small Loans to Farms**

Refer to Table 12 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

In the AA, the borrower distribution of small loans to farms is excellent. The portion of PNB's loans extended to farms with revenues of \$1 million or less exceeds the portion of area farms that have revenues of \$1 million or less. Furthermore, PNB's market share of loans to farms with revenues of \$1 million or less significantly exceeds its overall market share to farms in the AA.

### **Community Development Lending**

Refer to Table 1 - Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. Table 5 – Geographic Distribution of Multifamily Loans was excluded from this report, since PNB wasn't required to and didn't collect this loan data. However, PNB did provide information on one multifamily loan that qualified as a CD loan. CD lending had a positive impact on the Lending Test for the AA.

In the AA, PNB originated three CD loans totaling \$4.65 million. A summary of these loans is detailed below.

- PNB purchased a \$1.95 million Mount Vernon Industrial Development Revenue Bond with proceeds used to purchase a paint manufacturing company from the previous owners.

This bond assisted in revitalizing and stabilizing a low-income geography since the business is located in a low-income geography within an Enterprise Zone, employs seventeen low- and moderate-income individuals, and the governing body of the Enterprise Zone approved this bond issue. Non-rated redevelopment bonds are categorized as loans for regulatory reporting purposes.

- PNB originated a \$1.7 million loan with proceeds used to refinance five residential facilities and three community individual living arrangement homes in Jefferson County for the developmentally disabled. The borrower derives income primarily from the State of Illinois Department of Human Services, which contracts with the owner of the property to provide services for individuals who require assisted living arrangements. Residents of these facilities are low- and moderate-income individuals who are wards of the State of Illinois.
- PNB originated a \$1 million loan with proceeds used to refinance a 50-unit multifamily apartment complex located in Mount Vernon, Illinois. The loan was made through the Federal Home Loan Bank's (FHLB) Community Investment Program (CIP), which provides funding to finance affordable housing primarily for low- and moderate-income individuals. Thirty-three of the fifty units are reserved for low- and moderate-income individuals.

### **Product Innovation and Flexibility**

Flexible lending practices had a positive impact on the Lending Test for this AA. PNB used two non-proprietary affordable mortgage loan programs to meet an identified credit need of affordable housing for low- and moderate-income individuals residing in the AA. The loan programs are through the United States Department of Agriculture (USDA) - Rural Development Loans and Illinois Development Housing Authority (IDHA) - First Time Homebuyers Loans. Flexible loan underwriting standards for the two loan programs are detailed below.

#### **USDA – Rural Development Loans**

- 100% financing.
- Closing costs may be financed or paid for by using Illinois League Grant money funds. The borrower must provide \$750 of closing costs if using grant money funds.

#### **IDHA – First Time Homebuyers Loans**

- Below market interest rate.
- 95% financing with Private Mortgage Insurance.
- Borrower may use Illinois League Grant money funds for closing costs.

PNB originated 158 (\$5.9 million) USDA – Rural Development Loans and 6 (\$433 thousand) IDHA – First Time Homebuyers Loans in the AA.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Investment Test is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the AA of Hamilton, Jefferson, Marion, Saline, and Wayne Counties is good. Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

PNB's volume of qualified investments and responsiveness to identified credit and non-credit needs is good. In drawing our conclusions relative to this AA, we considered the fact that opportunities to make qualified investments other than donations and grants within PNB's AA or at a statewide or regional area that includes PNB's AA are somewhat limited. Refer to the Market Profile in Appendix B. Current and prior period-qualified investments total \$1 million and \$98 thousand, respectively.

Current period-qualified investments consist primarily of a \$1 million investment in a \$37 million Illinois Equity Fund – Tax Credit Investment Fund. Proceeds were used for the construction or rehabilitation of approximately 1,100 housing units for low- and moderate-income individuals residing across the State of Illinois and outside the Chicago area. The housing units consist of multifamily residential apartment complexes and single-family homes representing 23 separate housing projects. PNB acquired this investment in 2003. PNB also donated \$1 thousand to two organizations that provide social services to low- and moderate-income individuals.

Prior period-qualified investments consist of equity investments in two community development corporations (CDCs) in 1996 and 1997 that provide financing to small businesses. These organizations promote economic development by creating and retaining permanent jobs for low- and moderate-income individuals within the AA. These CDCs have originated five loans during the evaluation period for \$495 thousand.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "High Satisfactory". Based on the full-scope review, the bank's performance in the AA of Hamilton, Jefferson, Marion, Saline, and Wayne Counties is good.

### **Retail Banking Services**

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

PNBs' delivery systems are accessible to geographies and individuals of different income levels throughout the AA.

PNB has eight full service branches in the AA. PNB does not have any branches in low-income geographies. However, only 2 percent of the AA's population resides in low-income geographies. PNB's distribution of branches throughout moderate-income geographies is significantly higher than the distribution of the population living in moderate-income geographies. There were two branch openings and two branch closings all located in middle-income geographies. The branch closings didn't adversely affect the accessibility of delivery systems in the AA.

PNB's hours and services offered throughout the AA are good. Office hours and services do not vary in a way that inconveniences its AA, particularly in moderate-income geographies. PNB provides banking hours and services Monday through Thursday from 8:00 A.M. or 9:00 A.M. to 4:00 P.M. or 5:00 P.M. and extended hours on Fridays. Saturday hours are available at all eight branch offices until 12 Noon. There are no material differences in the services offered at branches in moderate-income geographies versus branches in middle-income and upper-income geographies. PNB's ATM network offers an alternative delivery system for providing retail-banking services to low- and moderate-income individuals and in low- and moderate-income geographies. In this AA, the percentage of full service ATMs in the one low-income geography and in moderate-income geographies exceeds and is lower than the percentage of the population residing in those geographies, respectively.

### **Community Development Services**

PNB's performance in providing CD services in the AA is good.

PNB's CD services have met identified needs of affordable housing and social services primarily for low- and moderate-income individuals. PNB has also provided CD services relating to economic development. A summary of these CD services is detailed below.

### **Affordable Housing**

- **Illinois League of Financial Institutions:** This organization provides grants to low- and moderate-income individuals for down payment and closing costs associated with obtaining a home loan. Grant money is funded by the FHLB. Individuals applying for a grant must attend a first time home buyer seminar. PNB representatives have assisted 39 individuals in applying for and receiving grants during the evaluation period. They have also assisted in conducting the homebuyer seminars.
- **Centralia Habitat for Humanity:** This non-profit organization provides affordable owner-occupied housing for low-income families. A PNB representative provides credit counseling to prospective homeowners. This organization has built, sold, and financed four homes to low-income individuals during the evaluation period.
- **Marion County Housing Authority:** This government organization provides and promotes affordable housing for low- and moderate-income families. This organization operates 446 public housing units and manages 277 Department of Housing and Urban Development (HUD) Section 8 Subsidized Housing Certificates. As a board member, a PNB representative reviews financial information, maintenance contracts, business plans, and future building plans.

- **Laborers' Home Development Corporation:** This for-profit developer constructed a 34-unit multifamily housing project for low- and moderate-income individuals. A PNB representative assisted in applying for and obtaining a \$120 thousand grant from the FHLB. Grant money and funds from other sources were used to construct the housing project.

## Social Services

- **Community Resource Center:** This non-profit organization provides mental health care services to approximately 100 primarily low- and moderate-income individuals a year. A PNB representative assists in the budgeting process of this organization.
- **Marion County Community Mental Health Board:** This non-profit organization conducts workshops which provide life skills and vocational training to approximately 400 developmentally challenged youths and adults in the City of Centralia. Primarily low- and moderate-income individuals attend the workshops. As a board member, a PNB representative assists in the budgeting process of this organization.
- **Labor Workforce Investment Board Area # 26:** This non-profit organization provides education and retraining for the unemployed, underemployed, youth, and dislocated workers utilizing State of Illinois certified programs. This organization serves approximately 10 thousand primarily low- and moderate-income individuals on an annual basis. A PNB representative assists in developing programs, in the budgeting process, and in the disbursement of funds.
- **Penta Group Board:** This non-profit organization operates Bryan Manor, a 24-hour medical care and housing facility for developmentally disabled adults who are wards of the State of Illinois. This organization serves approximately 90 primarily low- and moderate-income individuals on an annual basis. A PNB representative assists in making investment decisions, in the budgeting process, and with decisions regarding capital expenditures.
- **Regional Consumer Credit Counseling:** This non-profit organization provides consumer credit counseling services primarily to low- and moderate-income individuals. This organization serves approximately 500 individuals on an annual basis. A PNB representative assisted in the creation of budgeting and other financial materials used in the counseling of clients.
- **Angels on Assignment:** This non-profit organization provides grants to low- and moderate-income individuals for rent, utilities, food, and other purposes. They serve approximately 500 individuals on an annual basis. A PNB representative assists in the budgeting process of this organization.

## Economic Development

- **Centralia Area Development Association:** The purpose of this non-profit organization is to aid in the acquisition, retention, and development of commercial enterprises within the City of Centralia, to stimulate the economy, and to provide job opportunities for individuals residing within the city. As a board member, a PNB representative uses his financial expertise to provide on-going financial management counseling to the executive director. This organization assisted in bringing in two businesses (Mid Line Builders and Universal

Form Clamp) into the city that are categorized as small businesses by the Small Business Administration Development Company (SBDC). These companies provided permanent jobs for a total of 25 low- and moderate-income individuals with an hourly wage ranging from \$8.00 to \$10.00 per hour.

- **City of Mount Vernon - Revolving Loan Committee:** This non-profit organization provides financing to small businesses that promote economic development by creating or retaining permanent jobs primarily for low- and moderate-income individuals. One of the qualifications for obtaining a loan is that fifty-one percent of all jobs created or retained by the above small businesses must be allocated to low- and moderate-income individuals. The lower and upper dollar loan limits are \$30 thousand and \$300 thousand, respectively. A total of 12 loans were originated to businesses during the evaluation period, totaling \$921 thousand. A total of 174 and 86 jobs were created and retained, respectively. All of the businesses that obtained loans are categorized as small businesses by the SBDC. A PNB representative completes loan reviews for economic development loan packages.
- **Hamilton County Economic Development Commission:** This non-profit organization administers the various programs offered within the Enterprise Zone. It aids in the acquisition, retention, and development of commercial businesses within the zone by providing technical assistance relating to available county programs. This organization assisted in bringing in three businesses during the evaluation period creating approximately 80 permanent jobs with an hourly wage ranging from \$6.00 to \$12.75 per hour. As a board member, a PNB representative meets with prospective businesses and provides technical assistance relating to available county and Enterprise Zone programs and assists in obtaining funding for new businesses.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): Home mortgage loans – 1/1/01 to 12/31/02 Small loans to business and farms – 1/1/00 to 12/31/02 Investment and Service test and CD Loans: 11/18/1998 to 12/31/03	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The Peoples National Bank of McLeansboro (PNB) McLeansboro, Illinois	Home mortgage loans, small loans to businesses and farms, and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	Full-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Hamilton, Jefferson, Marion, Saline, and Wayne Counties .....	B-2
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**(Hamilton, Jefferson, Marion, Saline, and Wayne Counties)**

Demographic Information for Full-Scope Area: Hamilton, Jefferson, Marion, Saline, and Wayne Counties						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	2%	30%	63%	5%	0%
Population by Geography	130,872	2%	30%	63%	5%	0%
Owner-Occupied Housing by Geography	39,463	1%	29%	64%	6%	0%
Businesses by Geography	6,823	8%	29%	58%	5%	0%
Farms by Geography	911	2%	22%	75%	1%	0%
Family Distribution by Income Level	36,965	25%	19%	22%	34%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	16,304	2%	37%	58%	3%	0%
Median Family Income = \$29,693		Median Housing Value = \$36,124				
HUD Adjusted Median Family Income for 2003 = \$48,200		Unemployment Rate (August 2003) = 8.5%				
Households Below the Poverty Level = 18.2%						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2003 HUD updated MFI.

The AA consists of all of Hamilton, Jefferson, Marion, Saline, and Wayne Counties. PNB has eight full service branch offices and twelve full service ATMs located in the AA. Full service ATMs are located at seven of the eight branch offices. As of June 30, 2003, 100 percent of PNB’s deposits were derived from this AA. Over the evaluation period, 100 percent of home mortgage loans, small loans to businesses, and small loans to farms were derived from the AA.

PNB’s deposits in the AA total \$362 million. Based on FDIC deposit market share data as of June 30, 2003, this equates to a 17.8 percent deposit market share, which ranks PNB as the largest deposit taking institution in the AA.

This five county area is located in southeastern and south central Illinois. The local economy is fair in Jefferson County and is poor in Hamilton, Marion, Saline, and Wayne Counties. The major industry in Marion, Saline, and Wayne Counties is service. The major industries in Hamilton and Jefferson County are agriculture and manufacturing. The major employers in the AA are Saint Mary’s Hospital, Harrisburg Medical Center, General Tire, Good Samaritan Regional Health Center, Illinois Youth Center, Harrisburg Manufacturing Company, American Coal Mine, Hamilton Memorial Hospital, Conquest Construction, and Trade Industries. As of August 2003, the unemployment rate for the AA ranged from 6.6 percent in Wayne County to 11.2 percent in Marion County as compared to 6.7 percent for the State of Illinois. Non-agricultural wage and salaried employment has remained stable from 55,018 in 1993 to 54,981 in 2003.

As of 1990, the percentage of families that live below the poverty level ranged from 11.5 percent in Wayne County to 17.8 percent in Hamilton. Furthermore, 54 percent of all low-income families live below the poverty level. It is especially difficult for this segment of the population to afford and maintain a home. In 2003, according to the National Low Income Housing Coalition (NLIHC), approximately 40 percent of the renters paid more than 30 percent of their income for housing costs. An individual would either need to earn approximately 150 percent of the federal minimum wage (based on a 40-hour workweek) or work a 60-hour workweek to afford the fair market rent of approximately \$400.

There are three designated Enterprise Zones located within PNB's AA. They are located in the cities of Centralia (Marion County), Mount Vernon (Jefferson County), and Fairfield (Wayne County). The local municipalities offer a wide range of incentives to attract businesses to locate or expand existing operations within an Enterprise Zone. Incentives include real estate tax abatement, sales tax exemptions, inventory tax exemptions, job creation tax credits, and manufacturing machinery and equipment investment tax credits.

The AA has one and twelve low-income and moderate-income geographies, respectively. The low-income geography is located in Jefferson County (BNA 0510.00). Dunn and Bradstreet data indicates there are sixteen farms located in this geography. However, this geography is located in the city of Mount Vernon and consists primarily of single and multifamily housing units with some retail and light manufacturing businesses. Consequently, the opportunity to make small loans to farms is minimal. Additionally, the opportunity for PNB to make small loans to businesses and home mortgage loans in this low-income geography is impacted by the fact PNB doesn't have a branch office in this geography and the existence of four full service banks that are located in this geography.

Dunn and Bradstreet data indicates there are one hundred farms located in nine of the twelve moderate-income geographies that are within city limits. However, these geographies primarily consist of residential housing and non-farm related businesses. Zoning and logistics make farming impractical in these geographies. Consequently, the opportunity for PNB to make small loans to farms in these geographies is minimal. There are three moderate-income geographies in Marion County (BNA 9518.00) and Wayne County (BNAs 9550.00 and 9553.00) that are located outside of city limits. Dunn and Bradstreet data indicates there are 101 farms located in these geographies. However, PNB's opportunity to make small loans to farms in these geographies is impacted by the fact PNB doesn't have any branch offices in these geographies and the existence of other full service banks that are located in these geographies. In Wayne County, there are three full service banks, in these two geographies, that specialize in agricultural lending. In Marion County, there are two banks that are seven miles closer to this moderate-income geography than PNB.

We identified the following credit and non-credit related needs in this AA.

- Affordable housing (i.e. single and multifamily rental housing, home purchase, and rehabilitation of older owner-occupied homes) for low- and moderate-income individuals. Public and rental assisted housing are especially needed as the waiting list is in excess of one year for both public housing and HUD Section 8 Subsidized Housing Certificates.
- Social services to low- and moderate-income individuals, including affordable childcare, health and dental care, food banks, homeless shelters, and financial counseling.

- Small business loans in amounts of \$25,000 and less.

We determined these community needs by contacting representatives from three housing agencies, a small business development center, and an area development planning commission.

We determined that opportunities to make CD loans and qualified investments, and to provide CD services do exist within PNB's AA. These opportunities include CDCs, community housing development organizations (CHDO), Small Business Administration Certified Development Companies, small business development centers, community action agencies, government and non-profit housing organizations, food banks, government social services agencies, and non-profit organizations that provide social services to low- and moderate-income individuals. Our research revealed the opportunities to make qualified investments other than donations and grants within the PNB's AA or at a statewide or regional area that includes PNB's AA are somewhat limited. These opportunities mainly consist of purchasing low-income mortgage backed securities and an ownership interest in a pool of low-income housing tax credits for the State of Illinois.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: STATE OF ILLINOIS						Evaluation Period: January 1, 2000 TO December 31, 2002				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	100%	681	\$47,048	1,648	\$81,462	1,240	\$61,877	3	\$4,650	3,572	\$195,037	100%

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is November 18, 1998 to December 31, 2003.

\*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: STATE OF ILLINOIS						Evaluation Period: January 1, 2001 TO December 31, 2002							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	215	100%	1%	0%	29%	23%	64%	66%	6%	11%	NA	NA	NA	NA	NA

\* Based on 2002 Peer Mortgage Data: Central Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF ILLINOIS						Evaluation Period: January 1, 2001 TO December 31, 2002							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	466	100%	1%	0%	29%	16%	64%	73%	6%	11%	NA	NA	NA	NA	NA

\* Based on 2002 Peer Mortgage Data: Central Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: STATE OF KENTUCKY					Evaluation Period: January 1, 2000 TO December 31, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	1,648	100%	8%	3%	29%	21%	58%	72%	5%	4%	13.7%	3.6%	10.7%	19.0%	17.4%						

\* Based on 2002 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: STATE OF ILLINOIS								Evaluation Period: January 1, 2000 TO December 31, 2002					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	1,240	100%	2%	1%	22%	12%	75%	87%	1%	<1%	45.6%	5.9%	42.7%	49.3%	0.0%

\* Based on 2002 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: STATE OF ILLINOIS								Evaluation Period: January 1, 2001 TO December 31, 2002					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	215	100%	25%	16%	19%	25%	22%	28%	34%	31%	NA	NA	NA	NA	NA

\* Based on 2002 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF ILLINOIS								Evaluation Period: January 1, 2001 TO December 31, 2002					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	466	100%	25%	6%	19%	15%	22%	23%	34%	56%	NA	NA	NA	NA	NA

\* Based on 2002 Peer Mortgage Data: Central Region.

\*\* As a percentage of loans with borrower income information available.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: STATE OF ILLINOIS		Evaluation Period: January 1, 2000 TO December 31, 2002					
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	1,648	100%	80%	92%	89%	8%	3%	13.7%	34.1%

\* Based on 2002 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4 percent of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF ILLINOIS			Evaluation Period: January 1, 2000 TO December 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	1,240	100%	98%	100%	87%	11%	2%	45.6%	50.8%

\* Based on 2002 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 4 percent of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: STATE OF ILLINOIS				Evaluation Period: November 18, 1998 TO December 31, 2003			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	2	\$98	3	\$1,001	5	\$1,099	100%	0	\$0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS		Geography: STATE OF ILLINOIS				Evaluation Period: November 18, 1998 TO December 31, 2003											
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Hamilton, Jefferson, Marion, Saline, and Wayne Counties	100%	8	100%	0%	38%	50%	12%	2	2	0	0	0	0	2%	30%	63%	5%